

Alabama Medicaid Agency

UNFUNDED MANDATES

Unfunded federal mandates through the years have added millions to the Medicaid budget and limited the state's flexibility to manage the program. Some of these mandates were created through legislation while others are products of the rules and regulations of Centers for Medicare and Medicaid Services (CMS), the federal agency that oversees Medicaid.

In FY 09, the following nine new mandated initiatives increased the Medicaid workloads since October 1, 2008.

Regarding Eligibility

1. **PARIS** – (Public Assistance Reporting Information System) - A mandatory data matching program with the Department of Defense, Veteran Affairs and other states to prevent the duplication of requests for verification of information.
2. **Asset Verification** – States are mandated to implement an electronic asset verification system (AVS) to verify assets for aged, blind or disabled individuals when determining Medicaid eligibility. The AVS must be similar to that used by the Social Security Administration (SSA) for its SSI asset verification pilot program. Alabama has been scheduled by CMS to implement an electronic asset verification system in year 2013. (Public Law 110-252)
3. **LIS Applications** – Beginning January 1, 2010, SSA will electronically transmit to Medicaid data from the applications of individuals applying for the Medicare Part D low-income subsidy (LIS) so that an application for benefits under the Medicare Savings Program (MSP) can be initiated and processed. (Sec 113 of Medicare Improvements for Patient and Provider Act (MIPPA) of 2008)
4. **Afghan Immigrants Extension** – FY 2009 appropriations act (not the ARRA) enacted on 3/10/09 lengthened the period of refugee-like assistance from 6 months to 8 months for Afghan Special Immigrants. (Sec 602, Division F, Pub.L.No.111-08, the Omnibus Appropriation Act, 2009)
5. **Stimulus money disregarded in eligibility requirement** – (under the American Recovery and Reinvestment Act (ARRA) of 2009) - There are three types of income to disregard. The \$250 one-time check; any additional income refund resulting from the tax credit; and the \$25 additional income for unemployed individuals. Each of these is treated differently.
 - a) **One-time payment** – Throughout the month of May 2009, the Department of Treasury issued a one-time payment of \$250 to certain individuals who were eligible for monthly Social Security benefits, SSI cash benefits, Railroad Retirement Benefits, and Veterans Disability Compensation or Pension Benefits at any time during the months of November 2008, December 2008 or January 2009. This one-time payment will not count as income

for any Medicaid program. It will not count as a resource in the month received and for the nine months following for Medicaid programs that consider resources.

- b) **Additional \$25 per week in unemployment benefits** – In March 2009, the DIR began issuing an additional payment of \$25 per week to unemployed workers who qualified for unemployment compensation benefits. This additional monthly income will not count as income for any Medicaid program. For Medicaid programs that consider resources, any income received in one month and held or not spent by the first day of the next month will be counted as a resource.
 - c) **Tax credit** – For tax years 2009 and 2010, eligible individuals will receive a tax credit for the lesser of the following amounts: 6.2 percent of earned income or \$400 for an individual return (or \$800 for a joint return). Any credit or refund allowed will not be counted as income for any Medicaid program and will not count as a resource in the month it is received and for the two months following for Medicaid programs that consider resources.
6. **Foster Care IV-E** – This mandate for the Department of Human Resources could put more children on foster care Medicaid.

Regarding Medicaid Financial Reporting

- 7. **DSH Audit** – Each State must submit annually to the Centers for Medicare & Medicaid Services (CMS) an independent certified audit of its Disproportionate Share Hospital (DSH) program as a condition for receiving Federal payments. DSH payments are to hospitals that serve a disproportionate share of low-income patients with special needs.
- 8. **CMS-64** – The CMS-64 is a quarterly federal financial report submitted by the State to CMS that details Medicaid expenditures for the previous quarter. With the enactment of the American Recovery and Reinvestment Act of 2009 (ARRA), additional reporting requirements were mandated in order to report these expenditures separately.
- 9. **CMS-37** – The CMS-37 is a quarterly federal financial report submitted by the State to CMS that provides a statement of the state's Medicaid funding requirements for a certified quarter and estimates and underlying assumptions for two fiscal years – the current subsequent budget FY. With the enactment of the American Recovery and Reinvestment Act of 2009, (ARRA) additional reporting requirements were mandated in order to request these funds separately.

Previous Mandates

Older mandates that continue to impact Medicaid include:

- ◆ Mandated coverage for Medicare recipients (QMBs, SLMBs) (1988)
- ◆ Mandated coverage of EPSDT Program (1989)
- ◆ Pryor Amendment which requires coverage of virtually all drugs (1990)
- ◆ Required Changes due to HIPAA regulations (1996)
 - Required Use of National Provider Identifier (NPI) number (2006)
- ◆ Deficit Reduction Act (DRA) of 2005
 - Citizenship and Identity requirements for eligibility
 - Medicaid Integrity Program (MIP)
- ◆ Increased audit requirements for hospitals
- ◆ Payment Error Rate Measurement (PERM) regulation
- ◆ Modernization Act of 2003 -- required changes due to Medicare Part D
- ◆ New pharmacy reimbursement regulation
- ◆ Tamper-Resistant Prescription Pad requirements (2007)

In 2007, seven mandates that would impact Medicaid were passed through Congress. In 2008, the Congress voted to impose a one-year moratorium on implementation of the regulations and in 2009, four of the seven were rescinded and enforcement was delayed on the fifth.

1. Pharmacy reimbursement regulation – Rescinded June 2009
2. School-based services regulation – Rescinded June 2009
3. Targeted case management regulation – Rescinded June 2009
4. Rehabilitative services regulation – Withdrawn by CMS November 2009
5. Allowable provider tax (rule had no impact on Alabama) – Enforcement delayed until June 20, 2010

Two mandates never finalized; no further action expected by CMS.

6. Graduate medical education regulation -- no action at this time
7. Units of government and cost regulation -- no action at this time